

80-7519

GOBLES/PINE GROVE FIRE CONTROL BOARD

VAN BUREN COUNTY, MICHIGAN

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other			Local Government Name Gobles/Pine Grove Board		County VanBuren
Audit Date 3-31-04		Opinion Date 1-14-05		Date Accountant Report Submitted to State: 1-15-05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Angle & Steffes, P.C.			
Street Address 428 Water Street		City Allegan	State MI
Accountant's Signature Scott E. Campbell CPA		ZIP 49010	Date 1-14-05

GOBLES/PINE GROVE AREA FIRE CONTROL BOARD

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INDEPENDENT AUDITOR'S REPORT

January 14, 2005

To the Gobles/Pine Grove Fire Control Board
Van Buren County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gobles/Pine Grove Fire Control Board, Van Buren County, Michigan as of and for the year ended March 31, 2004, which collectively comprise the Fire Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Gobles/Pine Grove Fire Control Board, Van Buren County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

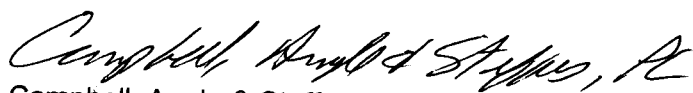
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gobles/Pine Grove Fire Control Board as of March 31, 2004, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Gobles/Pine Grove Fire Control Board has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of March 31, 2004.

The management's discussion and analysis and budgetary comparison information on pages 2 and 17 through 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully,



Campbell, Angle & Steffes, P.C.
Certified Public Accountants

MANAGEMENT DISCUSSION & ANALYSIS

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Fire Control Board as a whole and present a long-term view of the Fire Control Board's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Fire Control Board's operations in more detail than the government-wide financial statements.

The Fire Control Board as a Whole

The Gobles/Pine Grove Fire Control Board's financial position has remained strong over the past year. The full accrual net assets has increased approximately \$5,000 from the prior year. The fire service charges and community contracts continue to support the operational expenses of maintaining the fire services as well as acquiring normal minor equipment replacements.

Current & Future Projects

There are no immediate plans to purchase any new major equipment or vehicles.

The boards ISO rating of seven (7) is still in effect, and represents a good rating for a rural fire fighting service. The firefighters are continuously being trained on the latest fire fighting techniques.

Contacting the Fire Control Board Management

This financial report is intended to provide our community citizens, taxpayers, customers and investors with a general overview of the Gobles/Pine Grove Fire Control Board's finances and to show the Fire Board's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Fire Control Board's Secretary/Treasurer.

**GOBLES/PINE GROVE FIRE CONTROL BOARD
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2004**

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 247,615	\$ 247,615
Investments	-	-
Receivables-net	106,607	106,607
Prepays	10,033	10,033
Capital assets-net	<u>653,974</u>	<u>653,974</u>
 Total Assets	 <u>1,018,229</u>	 <u>1,018,229</u>
LIABILITIES		
Accounts payable	702	702
Due to other funds	19,097	19,097
Noncurrent Liabilities		
Due within one year	-	-
Due in more than one year	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>19,799</u>	 <u>19,799</u>
NET ASSETS		
Invested in Capital Assets		
Net of related debt	653,974	653,974
Restricted For		
Capital Projects	106,705	106,705
Unrestricted	<u>237,751</u>	<u>237,751</u>
 Total Net Assets	 <u>\$ 998,430</u>	 <u>\$ 998,430</u>

The Notes to Financial Statements are an integral part of this statement.

GOBLES/PINE GROVE FIRE CONTROL BOARD
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2004

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities
Primary Government						
Public safety	\$ 122,468	\$ -	\$ 121,092	\$ -	\$ (1,376)	\$ -
Total Governmental Activities	122,468	-	121,092	-	(1,376)	-
Total Primary Government	\$ 122,468	\$ -	\$ 121,092	\$ -	\$ (1,376)	\$ -
General Revenues						
Miscellaneous						
Transfers						
					6,390	-
Total General Revenues-Special Items and Transfers					-	-
Change in Net Assets						
Net Assets-Beginning					6,390	6,390
Net Assets-Ending					5,014	5,014
					993,416	993,416
					\$ 998,430	\$ 998,430

**GOBLES/PINE GROVE FIRE CONTROL BOARD
GOVERNMENTAL FUND BALANCE SHEET
MARCH 31, 2004**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 196,813	\$ 50,802	\$ 247,615
Investments	-	-	-
Receivables-net	87,510	-	87,510
Due from other funds	19,097	-	19,097
Prepays	<u>10,033</u>	<u>-</u>	<u>10,033</u>
 Total Assets	 <u>313,453</u>	 <u>50,802</u>	 <u>364,255</u>
LIABILITIES			
Accounts Payable	702	-	702
Due to other funds	<u>-</u>	<u>19,097</u>	<u>19,097</u>
 Total Liabilities	 <u>702</u>	 <u>19,097</u>	 <u>19,799</u>
FUND BALANCES			
Reserved for Capital Projects	75,000	31,705	106,705
Unreserved	<u>237,751</u>	<u>-</u>	<u>237,751</u>
 Total Fund Balances	 <u><u>\$ 312,751</u></u>	 <u><u>\$ 31,705</u></u>	 <u>344,456</u>
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds.			<u>653,974</u>
Net Assets of Governmental Activities			<u><u>\$ 998,430</u></u>

The Notes to Financial Statements are an integral part of this statement.

**GOBLES/PINE GROVE FIRE CONTROL BOARD
GOVERNMENTAL FUND STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2004**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Contracts & contributions	\$ 118,580	\$ 2,512	\$ 121,092
Charges for services	-	-	-
Interest	2,519	2,049	4,568
Other revenue	1,822	-	1,822
	<u>122,921</u>	<u>4,561</u>	<u>127,482</u>
Total Revenues			
Expenditures			
Current			
Public safety	71,764	-	71,764
Capital outlay	30,684	-	30,684
	<u>102,448</u>	<u>-</u>	<u>102,448</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>20,473</u>	<u>4,561</u>	<u>25,034</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>20,473</u>	<u>4,561</u>	<u>25,034</u>
Fund Balance-April 1, 2003	292,278	27,144	319,422
Fund Balance-March 31, 2004	<u>\$ 312,751</u>	<u>\$ 31,705</u>	<u>\$ 344,456</u>

The accompanying notes are an integral part of these financial statements.

**GOBLES/PINE GROVE FIRE CONTROL BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gobles/Pine Grove Fire Control Board was created pursuant to the provisions of Section 6, Act 33, Public Acts of Michigan, 1951, as amended, for the purpose of providing fire protection and related services for the City of Gobles and the Township of Pine Grove.

The accounting policies of the Gobles/Pine Grove Fire Control Board conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Fire Control Board Activity. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**GOBLES/PINE GROVE FIRE CONTROL BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund is a Special Revenue Fund of the Fire Board. The Capital Project Fund is used to account for the proceeds of specific revenue that are legally restricted to expenditures for specified purposes.

Additionally, the government reports no non-major fund types.

**GOBLES/PINE GROVE FIRE CONTROL BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Fire Control Board does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown as net of allowance for uncollectible amounts.

**GOBLES/PINE GROVE FIRE CONTROL BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment & Fire Trucks	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Compensated absences and unpaid vacations were considered but not accrued due to immateriality in amount.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**GOBLES/PINE GROVE FIRE CONTROL BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements only for the effect of the inclusion of capital assets.

Capitalized Asset Costs	\$ 970,894
Less Accumulated Depreciation	<u>(316,920)</u>
Capital Assets, net	653,974
Governmental Fund Balances	<u>344,456</u>
Net Assets of Governmental Activities	<u>\$ 998,430</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Fire Control Board follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Board, therefore, the level of budgetary responsibility is by total appropriations however, for report purposes, this level has been expanded to a functional basis (Public Safety).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year the Local Government Unit did exceed the budget.

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**GOBLES/PINE GROVE FIRE CONTROL BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$ 247,615	\$ 247,615

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 247,615
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	<u>\$ 247,615</u>

The bank balance of the primary government's deposits is \$247,615 of which \$134,726 is covered by federal depository insurance.

**GOBLES/PINE GROVE FIRE CONTROL BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Special Projects Funds</u>	<u>Total</u>
Services receivable	\$ -	\$ -	\$ -
Contributions receivable	75,213	-	75,213
Due from other funds	19,097	-	19,097
Less: Allowance for uncollectibles	<u>(-)</u>	<u>-</u>	<u>(-)</u>
Receivables-Net	<u>\$ 94,310</u>	<u>\$ -</u>	<u>\$ 94,310</u>

**GOBLES/PINE GROVE FIRE CONTROL BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Construction in progress	-	-	-	-
Subtotal	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Capital Assets Being Depreciated				
Buildings	250,000	-	-	250,000
Improvements other than buildings	-	8,000	-	8,000
Machinery and equipment	684,210	22,684	-	706,894
Infrastructure	-	-	-	-
Subtotal	<u>934,210</u>	<u>30,684</u>	<u>-</u>	<u>964,894</u>
Less Accumulated Depreciation for				
Buildings	131,250	6,250	-	137,500
Improvements other than buildings	-	-	-	-
Machinery and equipment	134,966	44,454	-	179,420
Infrastructure	-	-	-	-
Subtotal	<u>266,216</u>	<u>50,704</u>	<u>-</u>	<u>316,920</u>
Net Capital Assets Being Depreciated	<u>667,994</u>	<u>(20,020)</u>	<u>-</u>	<u>647,974</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 673,994</u>	<u>\$ (20,020)</u>	<u>\$ -</u>	<u>\$ 653,974</u>

The Gobles/Pine Grove Fire Control Board was formed in by the interlocal agreement between the City of Gobles and the Township of Pine Grove. There remain a number of fully depreciated assets with unknown salvage values. The most recent and major assets are recorded and depreciated.

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities

Public safety	<u>\$ 50,704</u>
Total Governmental Activities	<u>\$ 50,704</u>

**GOBLES/PINE GROVE FIRE CONTROL BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	<u>\$ 19,097</u>

Interfund Transfers

<u>Transfers In</u>	<u>Transfers (Out)</u>		<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ -	\$ -	\$ -
Non-Major Governmental Funds	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GOBLES/PINE GROVE FIRE CONTROL BOARD
VAN BUREN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE 8 - LOCAL UNIT CONTRIBUTIONS & CONTRACT REVENUES

The annual approved budget for operations and capital equipment reserves is supported by contributions from the member units of the Fire Board in proportion to their respective share - determined by a formula that incorporates population, risk, percentage of fire runs in a unit's area, etc.

The Fire Board also has service contracts with Waverly and Almena Townships, who are not member units, to provide fire protection in a portion of their areas. The annual contracts charge amounts that approximate \$3,000 and \$19,000 respectively.

NOTE 9 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS - BUDGETARY FUNDS

P.A. 621 of 1978, section 18 (1), as amended, provides that Local Government Units shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Fire Board actual expenditures and budgeted expenditures for the budgetary funds have been shown on a line functional basis. The approved budgets of the Fire Board for these budgetary funds were adopted to the line item level.

During the year ended March 31, 2004, the Fire Board incurred expenditures in budgetary funds which were in excess of the amounts appropriated.

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditures</u>
General Fund	\$30,594	\$32,458

REQUIRED SUPPLEMENTAL INFORMATION

**GOBLES/PINE GROVE FIRE CONTROL BOARD
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2004**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget</u>
Beginning of Year Fund Balance	\$ 292,278	\$ 292,278	\$ 292,278	\$ -
Resources (Inflows)				
Contracts & contributions	116,000	116,000	118,580	2,580
Charges for services	-	-	-	-
Interest	-	-	2,519	2,519
Miscellaneous revenues	-	-	1,822	1,822
Transfers from other funds	-	-	-	-
	<u>408,278</u>	<u>408,278</u>	<u>415,199</u>	<u>6,921</u>
Amounts Available for Appropriation				
Charges to Appropriations (Outflows)				
Public Safety				
Wages & payroll taxes	10,700	10,543	10,542	1
Supplies	1,800	1,163	1,163	-
Utilities	7,300	5,535	6,236	(701)
Repairs & maintenance	23,200	25,059	26,222	(1,163)
Insurance	22,000	22,141	20,059	2,082
Gas & oil	1,300	3,096	2,288	808
Membership dues	300	450	450	-
Training	3,000	1,309	1,008	301
Professional fees	3,000	3,796	3,796	-
Capital outlay	35,000	30,685	30,684	1
Transfers to other funds	-	-	-	-
	<u>107,600</u>	<u>103,777</u>	<u>102,448</u>	<u>1,329</u>
Total Charges to Appropriations				
Budgetary Fund Balance-March 31	<u>\$ 300,678</u>	<u>\$ 304,501</u>	<u>\$ 312,751</u>	<u>\$ 8,250</u>

**GOBLES/PINE GROVE FIRE CONTROL BOARD
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
YEAR ENDED MARCH 31, 2004**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
Beginning of Year Fund Balance	\$ 27,144	\$ 27,144	\$ 27,144	\$ -
Resources (Inflows)				
Contributions	3,000	3,000	2,512	(488)
Interest income	-	-	2,049	2,049
Transfers from other funds	-	-	-	-
	<u>30,144</u>	<u>30,144</u>	<u>31,705</u>	<u>1,561</u>
Amounts Available for Appropriation				
Charges to Appropriations (Outflows)				
Public safety	-	-	-	-
Transfers to other funds	-	-	-	-
Fire	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary Fund Balance-March 31	<u>\$ 30,144</u>	<u>\$ 30,144</u>	<u>\$ 31,705</u>	<u>\$ 1,561</u>

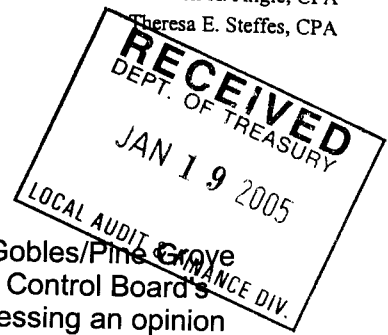
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January 14, 2005

In planning and performing our audit of the Basic Financial Statements of the Gobles/Pine Grove Fire Control Board, for the year ended March 31, 2004, we considered the Fire Control Board's internal control structure to determine audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are an opportunity to strengthen internal control and increase operating efficiency. We offer the following items for your consideration.

Revenue Recognition

For accounting purposes, the revenues for the Fire Control Board, in the form of taxes or local unit contributions, should be recognized as current year revenue in the fiscal year they are levied or approved. For budgeting purposes, these revenues do not necessarily need to be expended in this same year, but in whatever year the Board approves these disbursements.

Uninsured Deposits

Currently, the Gobles/Pine Grove Fire Control Board has a total of \$112,889 in savings deposits over the federally insured savings level of \$100,000 at National City Bank as of March 31, 2004. We recommend that no more than a total of \$200,000 be maintained in any one bank, \$100,000 in checking and \$100,000 in savings accounts to avoid the risk of uninsured losses that may occur.

Restricted Funds

The general fund currently has \$75,000 of restricted funds which are earning interest. The revenue currently is available for general uses. The Board should decide if this revenue should be restricted or unrestricted by formal Board actions.

Inter Fund Due To/From

The \$19,097 due to/from has remained on the books for several years. The Board should decide to either pay back the General Fund or declare this amount as a permanent contribution to the Capital Project Fund. Board actions is necessary for either option.

General

In general the internal control systems of the Fire Control Board are good and functioning properly. The comments noted above will help the Fire Control Board strengthen the existing controls and will help provide greater accountability to residents of the local area that they serve.

We greatly appreciate the help and cooperation given us by all Fire Control Board employees and officials.

Respectfully submitted,

Campbell, Angle & Steffes, P.C.
Certified Public Accountants